



Japan Display Inc.

FY24/3 Q3  
Corporate Presentation

February 9, 2024

**We would like to express our deepest condolences to the families and friends of those who lost their lives in the Ishikawa earthquake, while extending our heartfelt sympathies to all those affected and our hopes for the earliest possible recovery**



# PersonalTech For A Better World



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## FY24/3 Q3 Overview

- **JDI Ishikawa Fab severely impacted by M7.6 earthquake that hit Ishikawa Prefecture on New Year's Day**
- **Experienced multiple burst pipes, water leaks, boiler stoppages, equipment damage, and machine misalignment**
- **Immediately launched a 70-person recovery task force and commenced recovery actions from early morning January 2nd**
- **Partial production resumption on January 24th, full production resumption on January 31st**
- **Earnings impact expected to be minimal**

- **Strong growth in profitable & strategically important OLED business**
  - Continuing market shift from LCD to OLED
  - JDI's world-leading OLED technology driving strong customer demand & JDI market share growth
  - 100% fab utilization – customer demand exceeds capacity, will fill increased demand with eLEAP
  - Forecasting +76% YoY growth for FY24/3, with continued growth in FY25/3 and beyond
  - Having generated economies of scale, OLED business now structurally profitable
- **eLEAP & its unmatched cost performance to drive further growth**
- **Discussions to expand eLEAP capacity in Wuhu, China by >50X progressing smoothly**

- **In contrast, LCD business remains unprofitable & requires continued radical transformation – JDI is committed to getting it done**
  - Relentless cost reductions
  - In line with METAGROWTH 2026 growth strategy, generate multiple new Global No. 1 technologies, products, & businesses
  - Drive higher LCD fab utilization to achieve economies of scale
- **Tight supply of high-performance LTPS LCD, at which JDI excels, and geopolitical risk moving some production away from China & Taiwan creates significant opportunity to boost fab utilization & drive industry consolidation**
- **Also pushing forward with across-the-board business model transformation to drive higher structural profitability**
  - Recently announced Virgo Smart Ring is one example of this



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## FY24/3 Q3 Earnings



## EBITDA & OP Above Plan on Positive FX & Cost Reductions Continued Focus on Radical Product Portfolio & Cost Structure Transformation To Drive Profitability

| ( Units: JPY )          | Result        | vs. Plan     |   |
|-------------------------|---------------|--------------|---|
| <b>Sales</b>            | <b>180.4B</b> | <b>+ 1%</b>  | Core businesses (Auto, OLED Smartwatch/VR) strong. Strategic downsizing of non-core LCD smartphone business continues |
| <b>EBITDA</b>           | <b>-23.0B</b> | <b>+1.4B</b> | Outperformed plan on back of ongoing cost reductions & positive FX. Ishikawa earthquake impact expected to be minimal |
| <b>Operating Profit</b> | <b>-27.7B</b> | <b>+1.6B</b> |   |
| <b>Net Income</b>       | <b>-38.0B</b> | <b>—</b>     | Despite OP outperformance, inline with plan due to impairment of LCD-related assets (JPY 11B)                         |

Note: To make them easier to understand, JDI has changed segment names from FY24/3 Q2 as follows: "Mobile" to "LCD Smartphone" and "Non-Mobile" to "Smartwatch/VR." Please note that this change is only a name change and does not impact the segment definitions themselves.

## Significant YoY EBTIDA & OP Improvement

| ( Units: JPY )          | Result       | YoY          |  |
|-------------------------|--------------|--------------|--|
| <b>Sales</b>            | <b>60.5B</b> | <b>-13%</b>  | Core businesses (Auto, OLED Smartwatch/VR) strong. Strategic downsizing of non-core LCD smartphone business continues                              |
| <b>EBITDA</b>           | <b>-4.9B</b> | <b>+3.6B</b> | Despite lower sales, significant YoY improvement on back of OLED breakthrough to structural profitability & continued cost reductions              |
| <b>Operating Profit</b> | <b>-6.2B</b> | <b>+4.4B</b> |  |
| <b>Net Income</b>       | <b>-9.3B</b> | <b>-3.5B</b> | Losses increased YoY due to dropping out of extraordinary gains posted last year & recording of impairment losses on LCD-related assets (JPY 1.8B) |

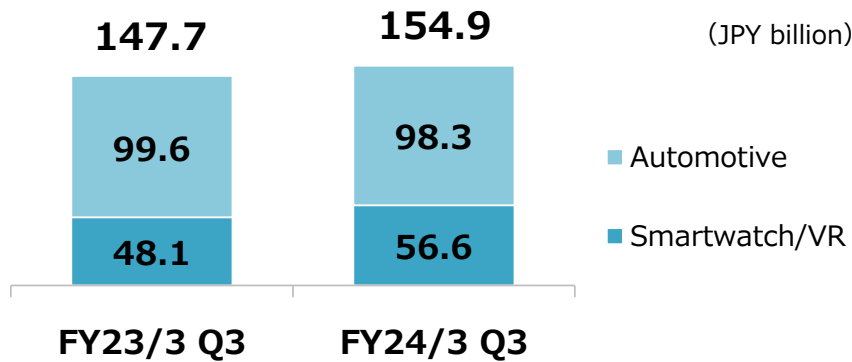
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# FY24/3 Q3 (9M) Sales by Segments



## OLED Smartwatch Growth on Strong Customer Demand Strategic Downsizing of Non-Core LCD Smartphone Business Continues

Core Business



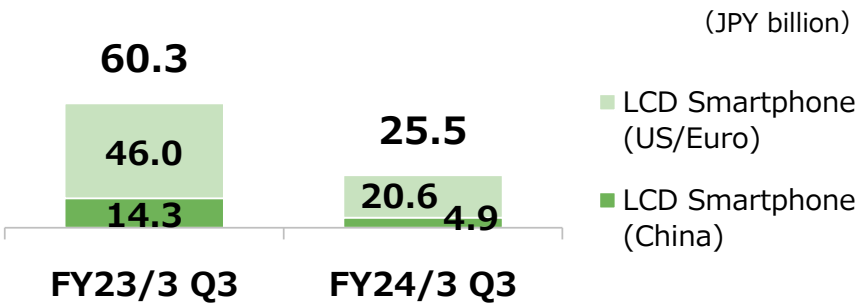
### Automotive (YoY -1.3%)

Sales slightly down YoY due to withdrawals from unprofitable products – longer-term growth trend remains intact

### Smartwatch/VR (YoY +17.6%)

Driven by increase in OLED smartwatch shipments

Non-Core Business



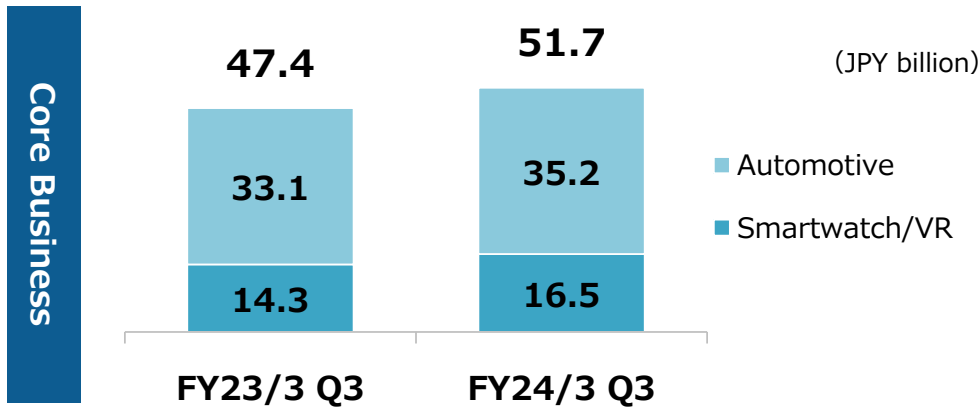
### LCD Smartphone (YoY -57.7%)

Strategically exiting unprofitable non-core business to focus resources on core Automotive & OLED Smartwatch/VR businesses

# FY24/3 Q3 (3M) Sales by Segments



## Automotive Sales Up Despite Withdrawal from Unprofitable Products OLED Smartwatch Extraordinarily Strong

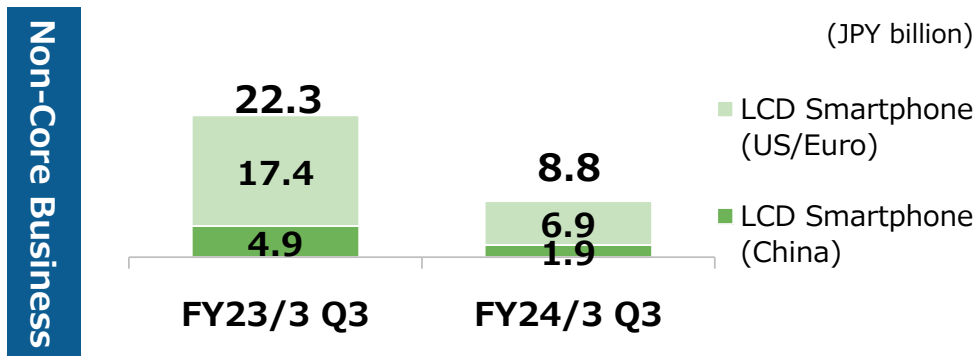


### Automotive (YoY +6.5%)

Sales increased YoY despite withdrawal from unprofitable products

### Smartwatch/VR (YoY +15.1%)

Strong demand for OLED smartwatch driving YoY sales growth



### LCD Smartphone (YoY -60.6%)

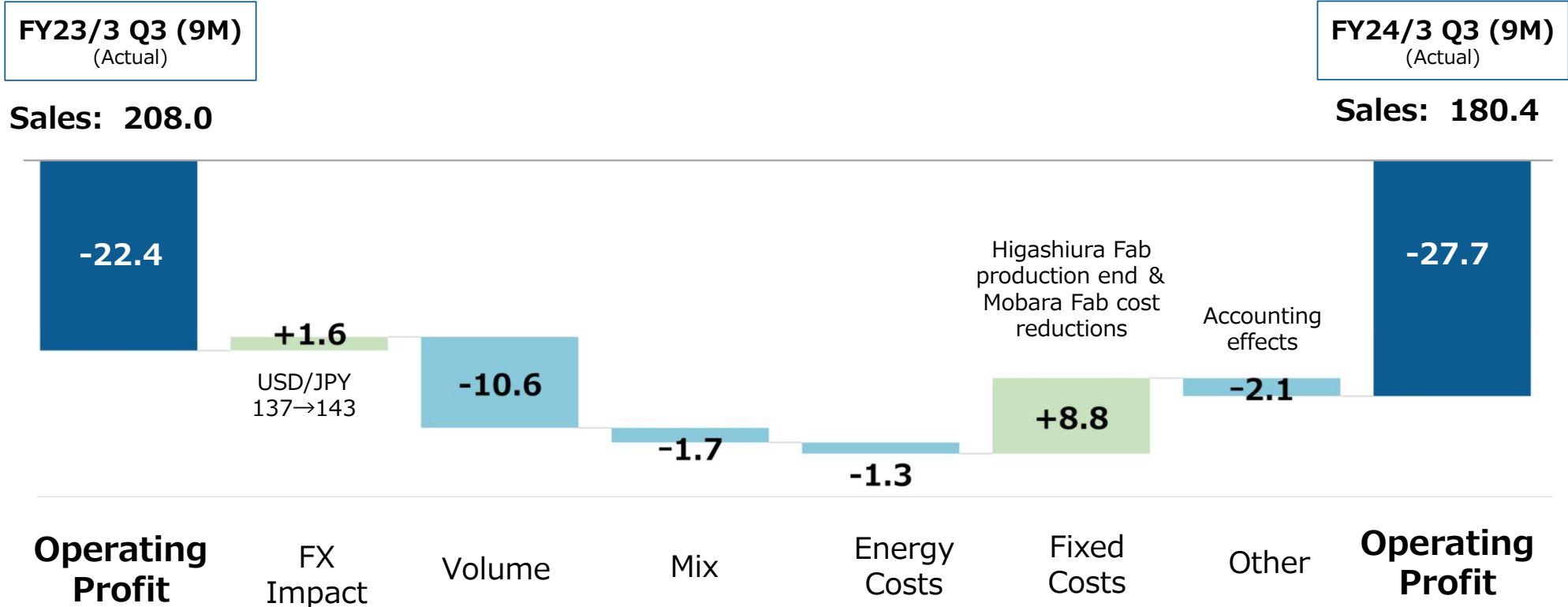
Strategically exiting unprofitable non-core business to focus resources on growing core Automotive & OLED Smartwatch/VR businesses

# FY24/3 Q3 (9M) Operating Profit Change Breakdown



## Operating Loss Expanded On Back of VR Sales Underperformance and Intensifying Competition of Automotive Business Despite Ongoing Fixed Cost Reductions

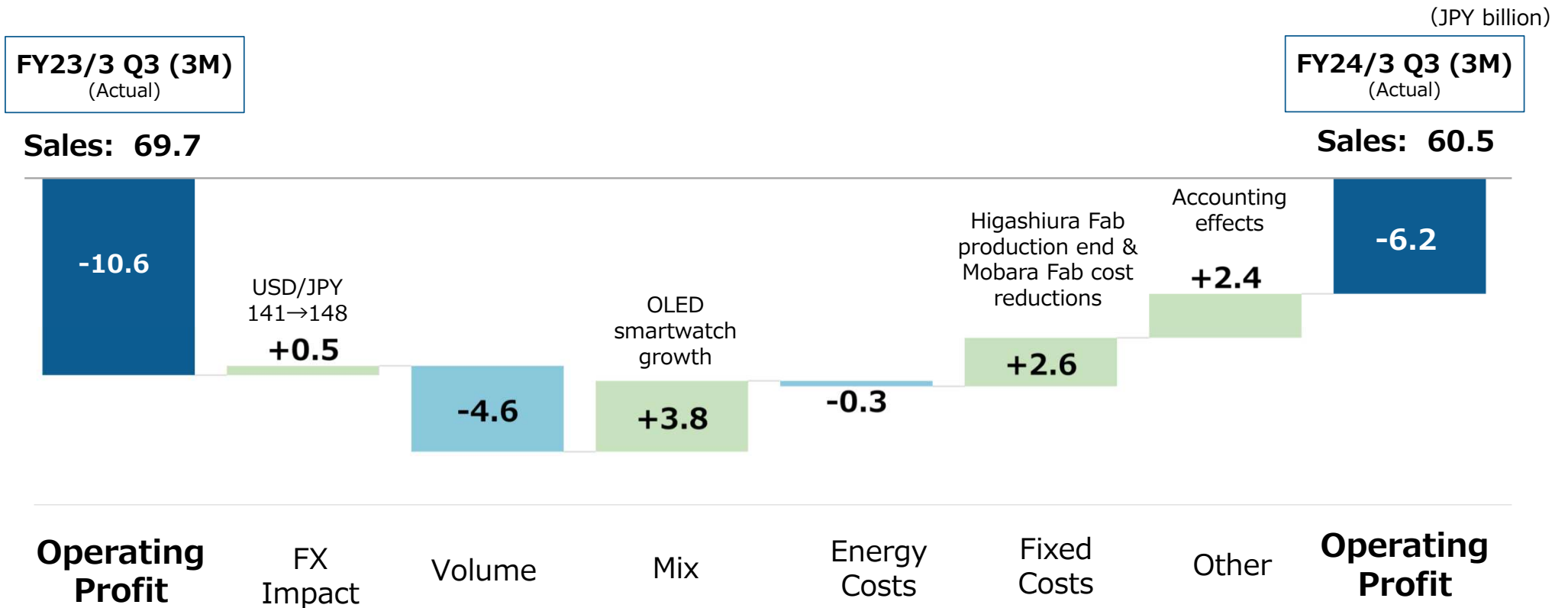
(JPY billion)



# FY24/3 Q3(3M) Operating Profit Change Breakdown



## Significant Improvement of Operating Loss On Back of Strong OLED Smartwatch Sales and Ongoing Fixed Cost Reductions





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FY24/3 Forecast

## Q3 Performance Inline with Plan Decreased VR Sales Outlook Remains Unchanged

| (JPY billion)            | FY24/3<br>H1<br>Actual | H2<br>FCST   | Full-Year<br>FCST | FY24/3<br>Q3 (9M)<br>Actual |
|--------------------------|------------------------|--------------|-------------------|-----------------------------|
| <b>Sales</b>             | <b>119.9</b>           | <b>127.1</b> | <b>247.0</b>      | <b>180.4</b>                |
| Automotive               | 63.1                   | 69.8         | 132.9             | 98.3                        |
| OLED Smartwatch/VR       | 40.1                   | 39.0         | 79.1              | 56.6                        |
| LCD Smartphone (US/Euro) | 13.7                   | 15.4         | 29.1              | 20.6                        |
| LCD Smartphone (China)   | 3.0                    | 2.9          | 5.9               | 4.9                         |
| <b>EBITDA</b>            | <b>-18.1</b>           | <b>-9.4</b>  | <b>-27.5</b>      | <b>-23.0</b>                |
| <b>Operating Profit</b>  | <b>-21.4</b>           | <b>-12.6</b> | <b>-34.0</b>      | <b>-27.7</b>                |
| <b>Recurring Profit</b>  | <b>-19.1</b>           | <b>-13.4</b> | <b>-32.5</b>      | <b>-26.4</b>                |
| <b>Net Income</b>        | <b>-28.7</b>           | <b>-15.3</b> | <b>-44.0</b>      | <b>-38.0</b>                |





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# Business Update

# Ishikawa Earthquake & Fab Recovery



JDI Ishikawa Fab



Ishikawa Earthquake



## ● January 1<sup>st</sup>: M7.6 Earthquake hit Ishikawa

- JDI Ishikawa Fab experienced multiple burst pipes, water leaks, boiler stoppages, equipment damage, and machine misalignment

## ● January 2<sup>nd</sup>: Immediate Response

- Immediately launched 70-person recovery task force, and commenced recovery activities from early morning

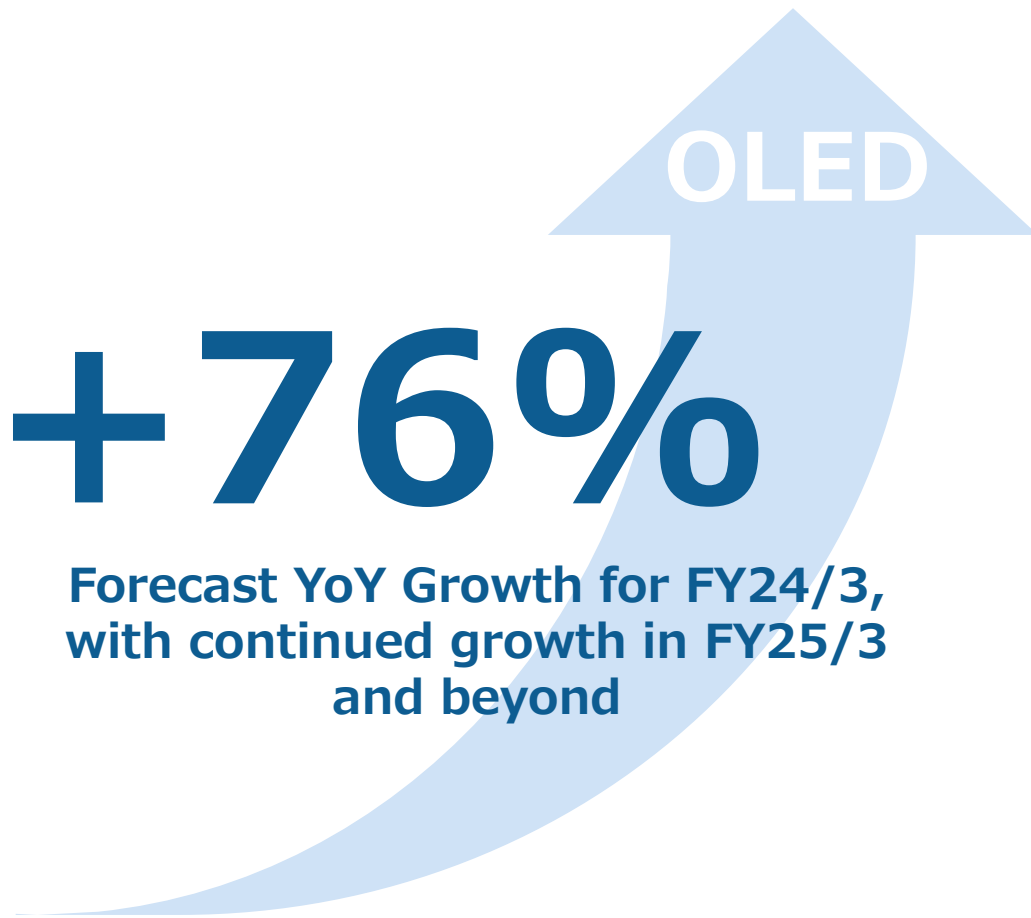
## ● January 24<sup>th</sup>: Line Relaunch

- JDI relaunched production on multiple lines

## ● January 31<sup>st</sup>: Fully resumed production

- JDI fully resumed production at its Ishikawa fab

# Strong Growth in Profitable & Strategically Important OLED Business



- Continuing market shift from LCD to OLED
- JDI's world-leading OLED technology driving strong customer demand & JDI market share growth
- 100% fab utilization – customer demand exceeds capacity, will fill increased demand with eLEAP
- Having generated economies of scale, OLED business now structurally profitable
- eLEAP & its unmatched cost performance to drive further growth
- Discussions to expand eLEAP capacity in Wuhu, China by >50X progressing smoothly

**Wuhu**

**JDI**

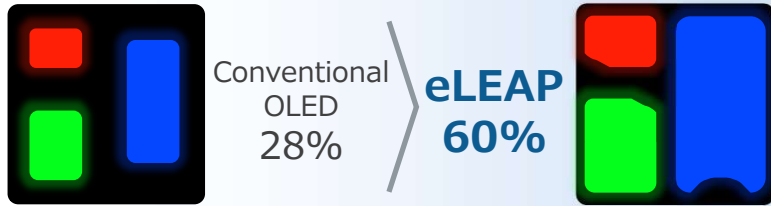
- **JDI signed a memorandum of understanding (MOU) with the Wuhu Economic and Technical Development Zone on September 29, 2023, and discussions are progressing smoothly**
- **Will increase JDI's eLEAP production capacity by >50X**
- **Extremely important step towards building a new global display ecosystem based on JDI's Global No.1 technologies**

## eLEAP

- environment positive
- Lithography with maskless deposition
- Extrême long life, low power, & high luminance
- Any shape Patterning



## High Brightness (2X)



Brightness, vividness & free shapes unimaginable with existing technology



**eLEAP**

## Long Lifetime (3X)

| Lifetime Comparison | New 0h | After 1yr 1000h | After 3yrs 3000h | After 5yrs 5000h |
|---------------------|--------|-----------------|------------------|------------------|
| Conventional OLED   |        |                 |                  |                  |
| eLEAP               |        |                 |                  |                  |

※ Image assuming luminance deterioration due to 3h / day lighting with brightness equivalent to 600nit

# eLEAP's Unprecedented Environmental Value



**Maskless OLED deposition is a breakthrough, environment positive production process that eliminates mask cleaning chemicals  
150k tons p.a. of CO2 emission reduction via deployment at JDI Mobarra**



**150k tons of yearly CO2 emissions =**

**CO2  
Absorption  
Volume  
of 17M  
cedar trees**



**Cedar forest  
the size of  
3.7k Tokyo  
Domes**



CO2 emissions are JDI's calculations based on G6 Mobarra plant at 30 k sheets/month

## Requirements

1. Relentless cost reductions
2. In line with METAGROWTH 2026 growth strategy, generate multiple new Global No. 1 technologies, products, & businesses
3. Drive higher LCD fab utilization to achieve economies of scale

## Opportunities

1. Tight supply for high-performance LTPS LCD, at which JDI excels
2. Geopolitical risk moving some production away from China & Taiwan



**Significant opportunity to boost fab utilization & drive industry consolidation**





# Virgo

**Self-Care Tailored for You**



**Virgo presentation available at:**

<https://ssl4.eir-parts.net/doc/6740/tdnet/2392184/00.pdf>



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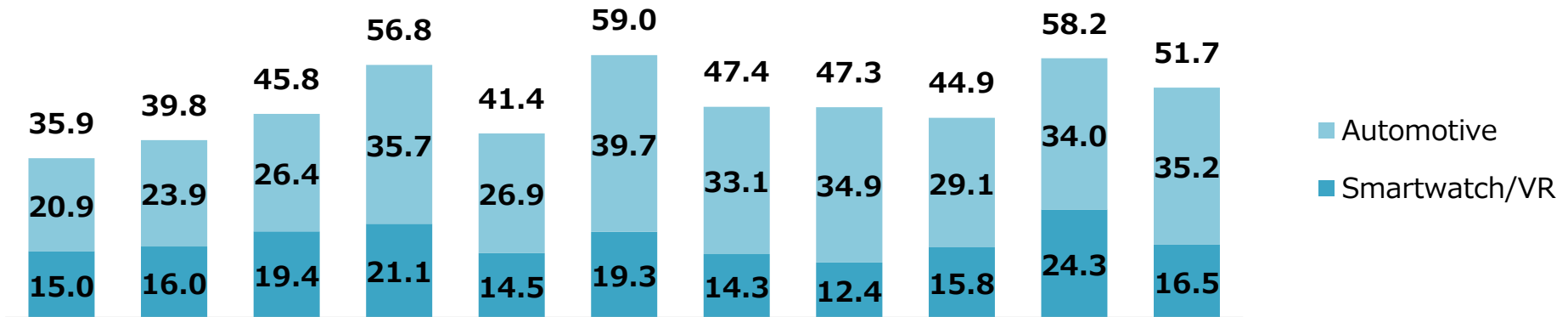
## Appendix

# Quarterly Sales Breakdown by Segments

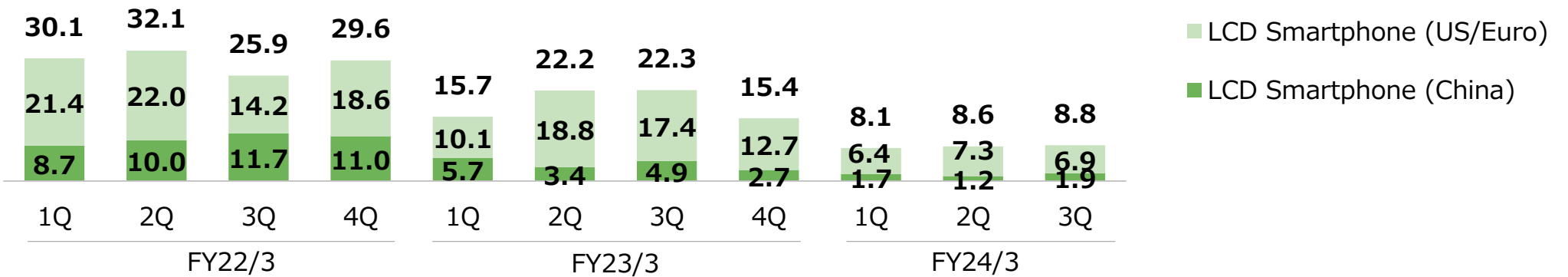


(JPY billion)

## Core Business



## Non-Core Business



# FY24/3 Q3 Operating Profit Breakdown



QoQ

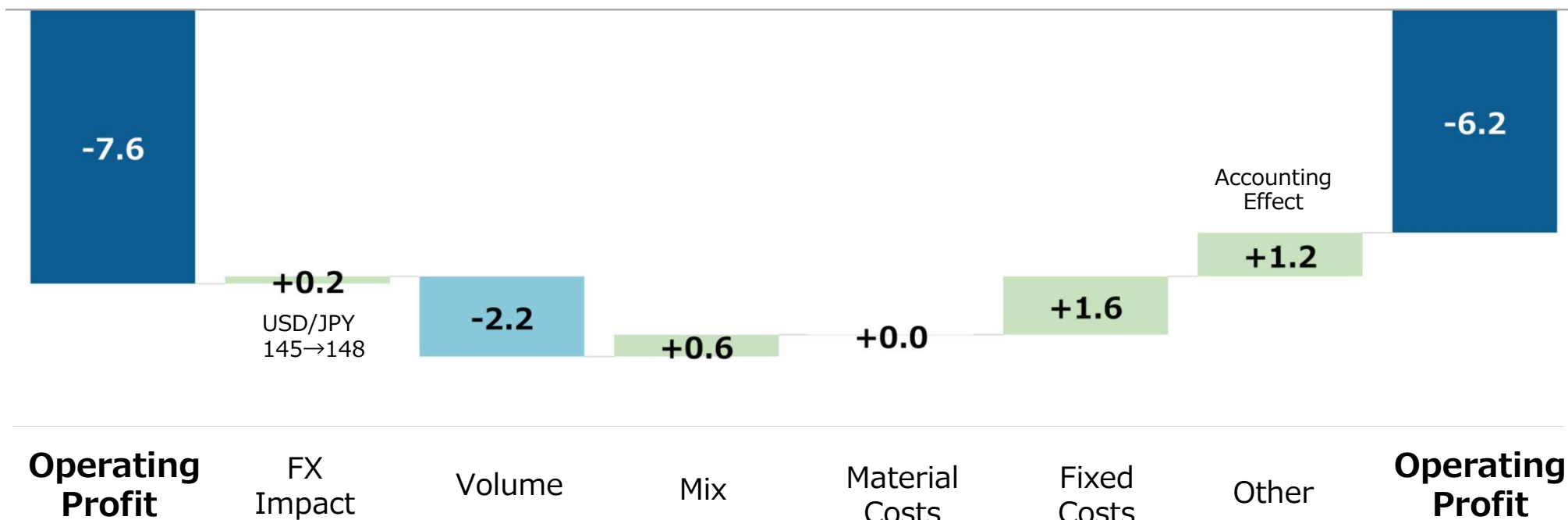
(JPY billion)

FY24/3 Q2

Sales: 66.9

FY24/3 Q3

Sales: 60.5



# Consolidated B/S



| (JPY billion)                    | FY23/3       | FY24/3 Q3    | vs. FY23/3      |
|----------------------------------|--------------|--------------|-----------------|
| Cash and deposits                | 26.2         | 28.1         | +1.9            |
| Accounts receivable - trade      | 40.9         | 26.6         | -14.3           |
| Accounts receivable - other      | 18.3         | 16.3         | -2.0            |
| Inventories                      | 60.3         | 63.1         | +2.8            |
| Other                            | 5.1          | 5.3          | +0.2            |
| <b>Total current assets</b>      | <b>150.9</b> | <b>139.3</b> | <b>-11.5</b>    |
| <b>Total non-current assets</b>  | <b>71.8</b>  | <b>77.2</b>  | <b>+5.4</b>     |
| <b>Total Assets</b>              | <b>222.7</b> | <b>216.6</b> | <b>-6.1</b>     |
| Accounts payable - trade         | 45.2         | 44.7         | -0.5            |
| Interest-bearing debt            | 1.5          | 25.3         | +23.8           |
| Accounts payable - other         | 9.3          | 17.4         | +8.1            |
| Other liabilities                | 42.3         | 41.7         | -0.6            |
| <b>Total Liabilities</b>         | <b>98.3</b>  | <b>129.0</b> | <b>+30.8</b>    |
| <b>Total Net Assets</b>          | <b>124.4</b> | <b>87.6</b>  | <b>-36.9</b>    |
| <b>Shareholders Equity Ratio</b> | <b>55.8%</b> | <b>40.3%</b> | <b>-15.5pts</b> |

Note : Differences in balances of "cash and deposits" in B/S & "cash & equivalents" in cash flow statement are "deposits"

# Consolidated P&L



| (JPY billion)              | FY23/3 Q3    | FY24/3 Q3   | YoY   | FY23/3 Q3<br>(9M) | FY24/3 Q3<br>(9M) | YoY   |
|----------------------------|--------------|-------------|-------|-------------------|-------------------|-------|
| <b>Sales</b>               | <b>69.7</b>  | <b>60.5</b> | -9.2  | <b>208.0</b>      | <b>180.4</b>      | -27.7 |
| <b>EBITDA</b>              | <b>-8.5</b>  | <b>-4.9</b> | +3.6  | <b>-16.0</b>      | <b>-23.0</b>      | -7.0  |
| <b>Operating Profit</b>    | <b>-10.6</b> | <b>-6.2</b> | +4.4  | <b>-22.4</b>      | <b>-27.7</b>      | -5.3  |
| Non-Operating Income       | 0.6          | 1.4         | +0.8  | 3.9               | 5.1               | +1.2  |
| Non-Operating Expenses     | -2.5         | -2.5        | +0.0  | -2.6              | -3.9              | -1.4  |
| <b>Recurring Profit</b>    | <b>-12.6</b> | <b>-7.3</b> | +5.3  | <b>-21.0</b>      | <b>-26.4</b>      | -5.5  |
| Extraordinary Income       | 13.5         | 0.0         | -13.5 | 14.5              | 0.1               | -14.4 |
| Extraordinary Losses       | -6.0         | -1.8        | +4.2  | -7.2              | -11.0             | -3.8  |
| Income Before Income Taxes | -5.1         | -9.1        | -4.0  | -13.7             | -37.4             | -23.6 |
| <b>Net Income</b>          | <b>-5.8</b>  | <b>-9.3</b> | -3.5  | <b>-17.4</b>      | <b>-38.0</b>      | -20.6 |
| Avg. FX rate (USD/JPY)     | 141.4        | 147.9       |       | 136.5             | 143.3             |       |
| Q-End FX rate (USD/JPY)    | 132.7        | 141.8       |       | 132.7             | 141.8             |       |

# Consolidated Cash Flow Statement



| (JPY billion)                                    | FY24/3 Q2   | FY24/3 Q3   | FY23/3 Q3<br>(9M) | FY24/3 Q3<br>(9M) | YoY          |
|--|-------------|-------------|-------------------|-------------------|--------------|
| Income before income taxes                       | -16.1       | -9.1        | -13.7             | -37.4             | -23.6        |
| Depreciation & amortization                      | 1.6         | 1.4         | 6.4               | 4.7               | -1.7         |
| Working capital                                  | 6.3         | 4.3         | -12.1             | 13.8              | +25.9        |
| Gain on sale of subsidiary shares                | 0.0         | 0.0         | -13.5             | 0.0               | +13.5        |
| Other  | 9.6         | 0.5         | -4.7              | 7.6               | +12.3        |
| <b>Cash Flow from Operating Activities</b>       | <b>1.4</b>  | <b>-2.9</b> | <b>-37.6</b>      | <b>-11.2</b>      | <b>+26.3</b> |
| Fixed asset investments                          | -1.6        | -1.7        | -7.5              | -10.3             | -2.8         |
| Other  | -0.9        | 0.0         | -4.1              | -1.1              | +3.0         |
| <b>Cash Flow from Investing Activities</b>       | <b>-2.5</b> | <b>-1.7</b> | <b>-11.6</b>      | <b>-11.4</b>      | <b>+0.2</b>  |
| Net increase / decrease in short-term borrowings | 8.0         | 4.0         | 28.0              | 24.0              | -4.0         |
| Other  | -0.2        | -0.1        | -0.3              | -0.5              | -0.2         |
| <b>Cash Flow from Financing Activities</b>       | <b>7.8</b>  | <b>3.9</b>  | <b>27.7</b>       | <b>23.5</b>       | <b>-4.2</b>  |
| Ending Balance, Cash & Equiv.                    | 29.1        | 27.5        | 32.2              | 27.5              | -4.7         |
| <b>Free Cash Flow</b>                            | <b>-0.2</b> | <b>-4.6</b> | <b>-45.0</b>      | <b>-21.5</b>      | <b>+23.5</b> |

Note: Free Cash Flow = Cash Flow from Operating Activities less Capex



# Thank You!

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